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SOLAR TECHNOLOGY SURVEY INSIGHTS

How Solar Companies Are Evolving
To Meet Changing Demands



INTRODUCTION

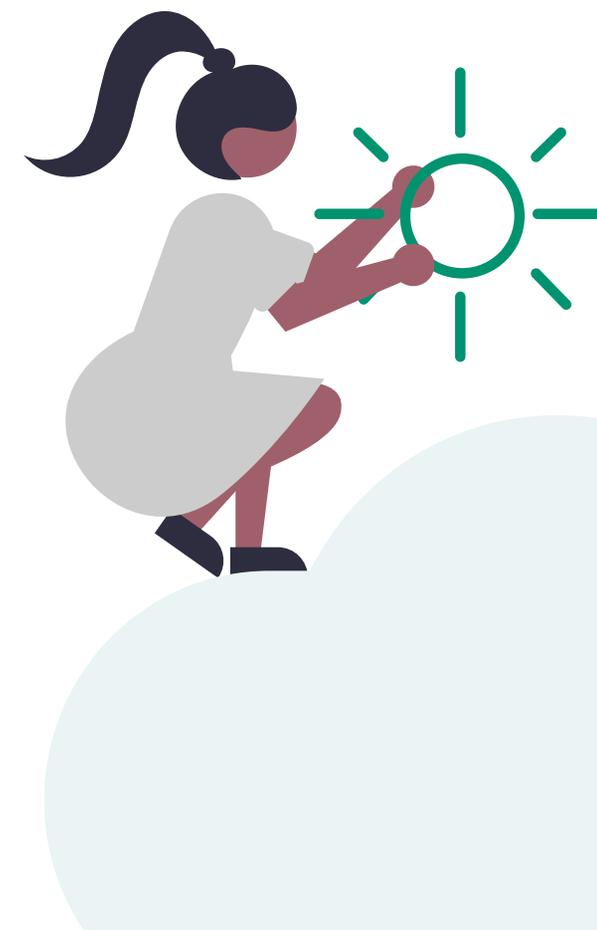
At the end of 2019 the solar industry was closing out a decade of incredible industry growth. SEIA reported that nearly 250,000 Americans work in solar - more than double the number in 2012 - and that there were more than 10,000 solar companies in every U.S. state.

Shortly thereafter, however, the 2020 pandemic and stay-at-home orders posed a unique risk to an industry where door-to-door sales had traditionally been the norm. In response, the solar installation community, which is well-known for its grit and resilience, shifted its focus from expanding business to grappling with a year of uncertainty.

A silver lining in an otherwise cloudy economic outlook is that **2020 has pushed installers to adopt new technologies** and processes that are making their businesses more agile, efficient and cost-effective.

To better understand how digital transformation is driving the industry forward, we launched our **benchmark initiative** to connect with the installer community and hear first-hand how installers are adapting. In this report we'll share the insights from our 2020 Solar Tech Benchmark Survey¹ and see what technology installers are currently using as well as how they're adapting to the new economy.

Let's dive into the numbers!

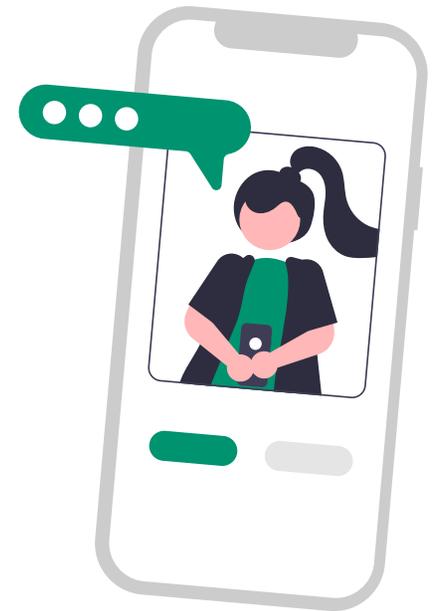
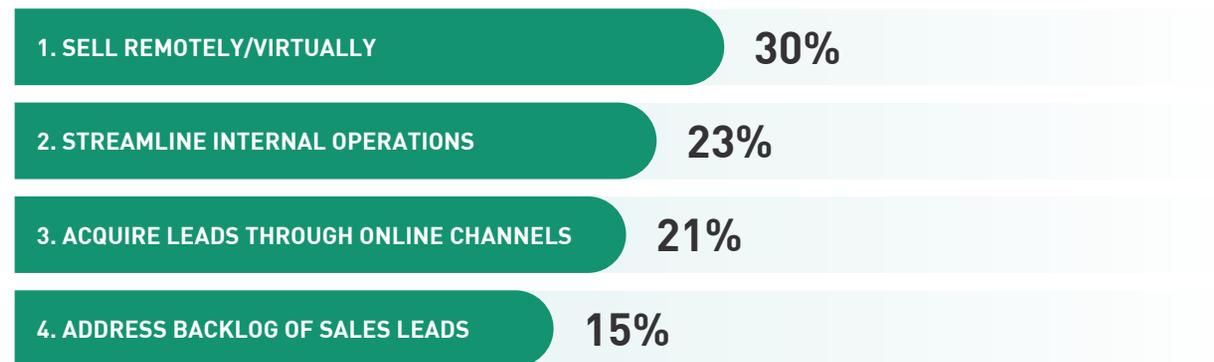


¹ Aurora surveyed 600+ solar installers June-September 2020

OPPORTUNITIES/RISKS

OPPORTUNITIES

2020 presented a unique combination of risks and opportunities that installers needed to contend with. When we asked installers what they thought the biggest opportunities for their businesses were, here's what they had to say:



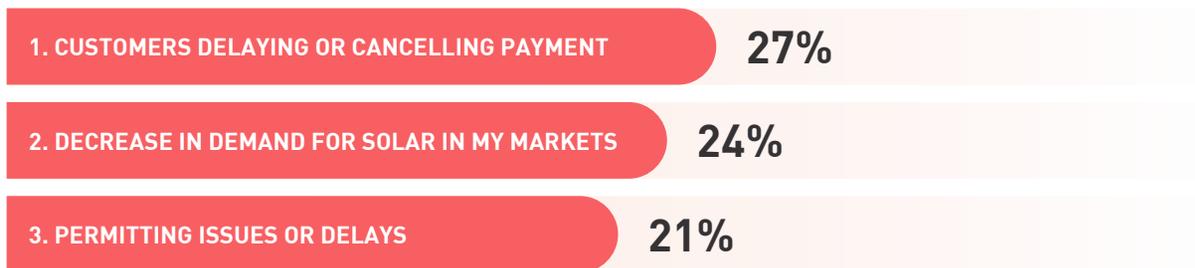
Selling remotely was consistently seen as the biggest opportunity by companies of all sizes, with streamlining operations and acquiring leads online coming in closely after.

[Learn about remote selling best practices in Aurora's Remote Sales Resource Center](#)

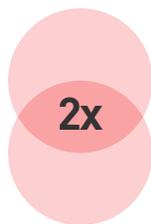
OPPORTUNITIES/RISKS

RISKS

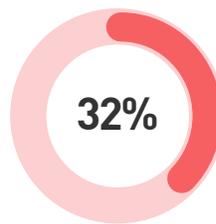
Installers had several concerns about the **potential risks they might face this year**. Among these, the three biggest risks were:



Not surprisingly, **small businesses were far more concerned** about these risks than their Growth and Enterprise competitors.



Small businesses were **TWICE** as concerned about a **decrease in solar demand** as enterprise companies.



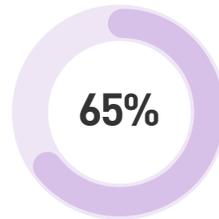
Nearly 1 in 3 small businesses were concerned about **customers delaying or canceling their payments**, compared to just 20% for Growth companies.



TECH ADOPTION

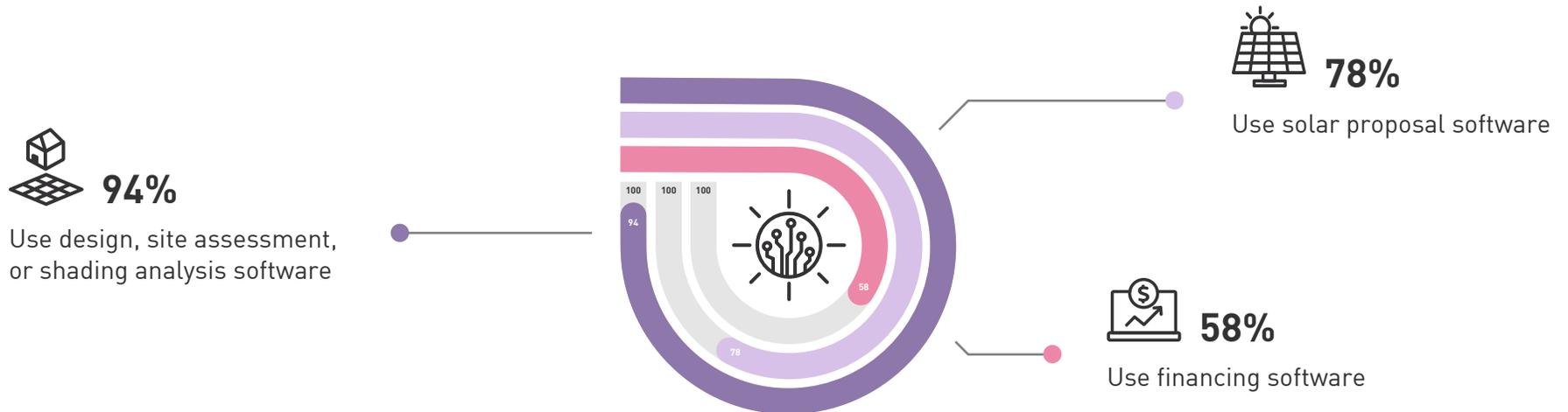
SOFT COSTS

While the total cost of residential systems has declined by more than 65% over the last decade, **the soft cost of a system has actually risen from 58% of total system cost in 2014 to 65% in 2020.**²



Of **total system cost** comes from soft costs such as labor, permitting, etc.

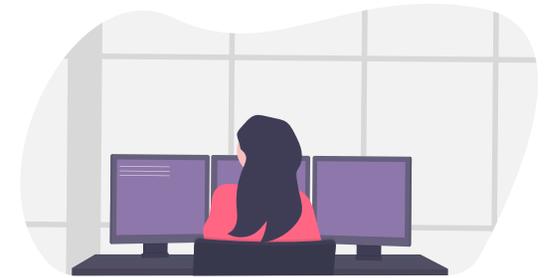
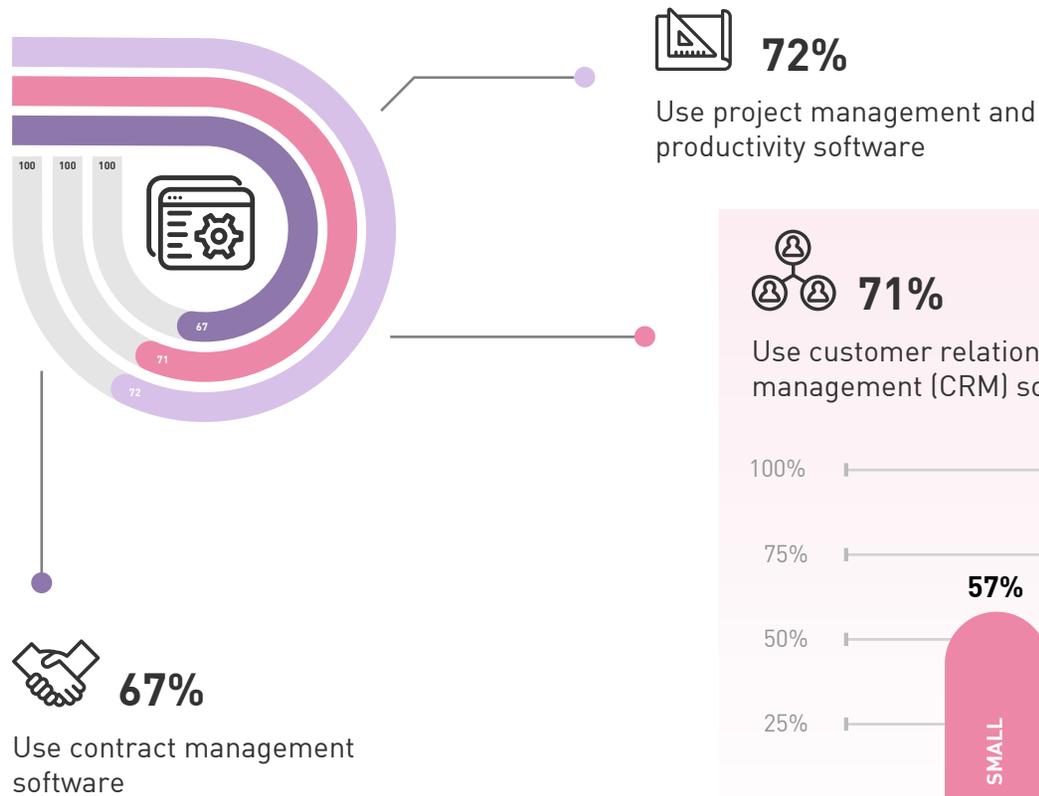
One way that businesses are combating soft costs today is by **implementing technology**. When we asked installers about the types of technology that they use in their daily operations, they were surprisingly consistent in their responses. Most installers have adopted solar-specific technology including:



² <https://www.seia.org/research-resources/solar-soft-costs>

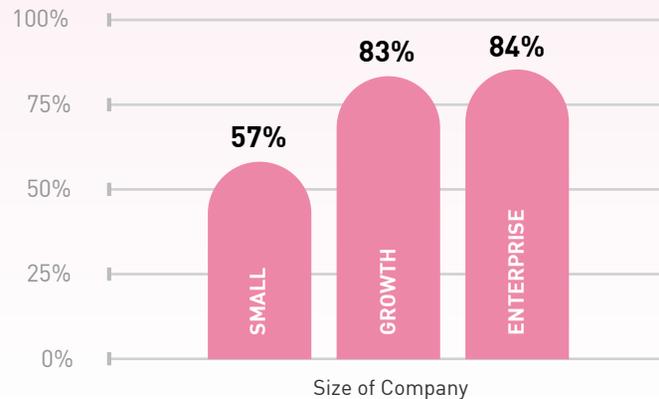
TECH ADOPTION

Similarly, we saw strong interest in operational tools that help streamline operations and accelerate deal cycles. Among the top three tools were:



71%

Use customer relationship management (CRM) software



Key:
Small business = 0-25 employees
Growth business = 26-500 employees
Enterprise business = 500+ employees

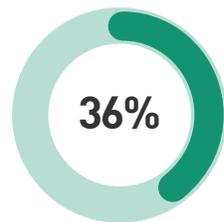
43% of small businesses lack a CRM system which could adversely affect their growth. Adding this crucial software could be a great opportunity to improve their operations going forward.

OUTSOURCING KEY BUSINESS FUNCTIONS

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OUTSOURCING

As installers continue to adapt to the changing economic conditions, they are taking steps to build more flexibility into their businesses **through 3rd-party services**.

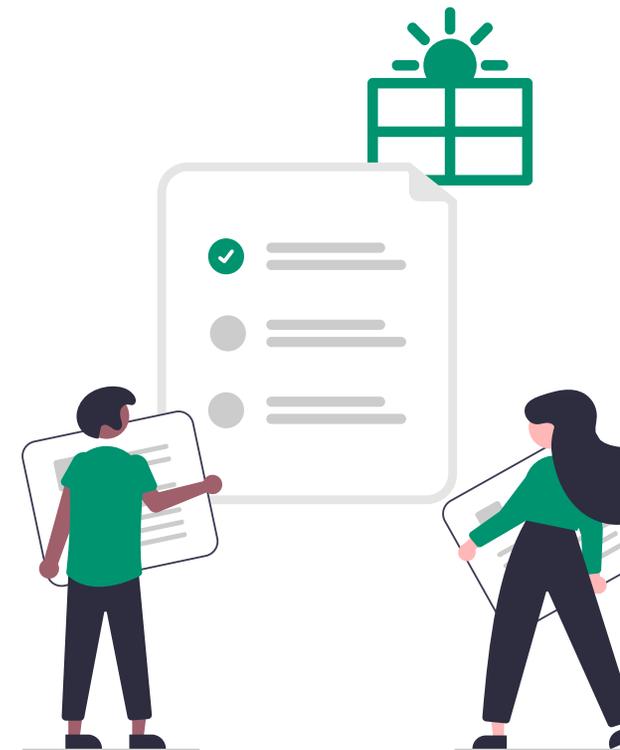


Use outsourced permitting services



Use outsourced solar design and site modeling services.

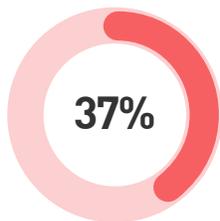
Specifically, **installers are doing a good job of keeping their businesses agile by using outsourced design and permitting services when needed.** According to SEIA, “a primary factor driving the increase in soft costs is direct and indirect costs associated with permitting and inspection.” Using outsourced services allows installers to scale their operations up or down as demand fluctuates through the economic recovery.



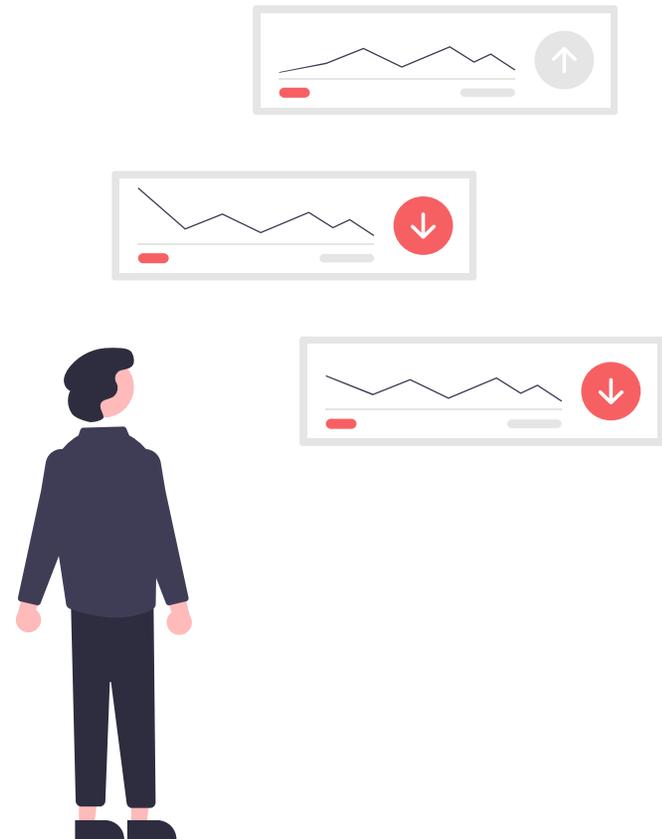
RISKS OF OUTSOURCING

One potential risk that installers are exposing themselves to, however, is relying increasingly more on 3rd party leads. More than one third of solar installers currently rely on purchasing their leads from 3rd party providers to augment their own generation efforts.

While outsourcing lead generation is a tried and true strategy, it's not without its challenges. Since 3rd party leads tend to be sold to multiple installers, these leads may become **less valuable** as more installers purchase them. All things considered, leads from these services should be carefully evaluated for quality against other in-house channels.



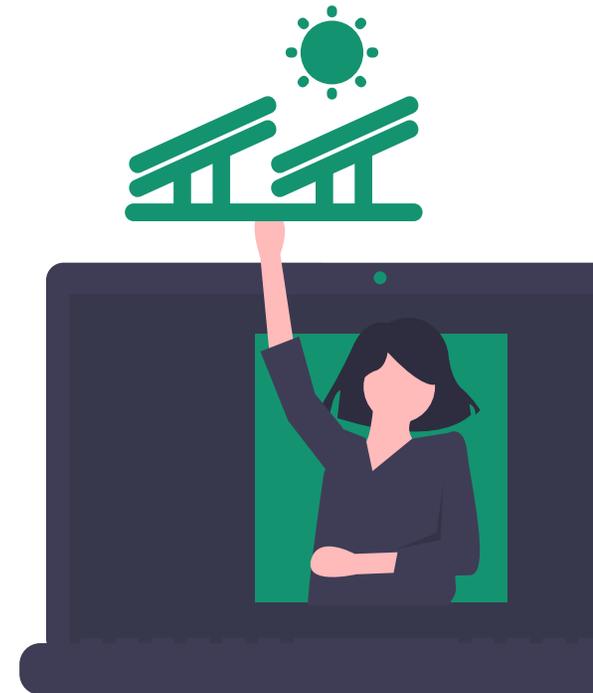
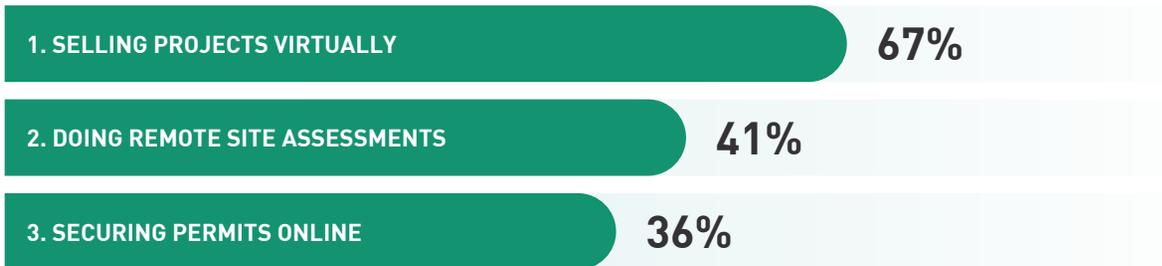
Rely on purchasing leads



NEW OPPORTUNITIES

Not surprisingly, **many companies are shifting their operations to be online/virtual**. New sales techniques, such as remote selling, may bring increased efficiencies that weren't possible with the previous strategy of door-to-door selling.

When **we asked installers how they're adapting to work after the pandemic**, here's what they had to say:



REMOTE SALES

This trend to remote and online processes may have some long-term positive results as **JP Gerken**, CEO of Zenernet, explains:



“We’ve seen remote sales result in significantly lower cancellation rates than in-person solar sales.”

- JP Gerken, CEO at Zenernet

CONCLUSION

Regardless of which tactics they take, one thing is clear: **solar installers are adapting fast and adapting well to the current climate.** Installers are finding new ways to use technology in order to move their businesses forward and the ones who maintain an open mind will most likely be the ones who come out of the recession better than ever.

If you haven’t considered upgrading your processes and technology yet, **2021 may be the perfect time to do so.**

